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In the
Supreme Court of the United States

OCTOBER TERM, 1963

No. 545

PACIFIC SUPPLY COOPERATIVE, an Oregon Cooperative Corporation, *Petitioner*,

vs.

FARMERS UNION CENTRAL EXCHANGE, INCORPORATED, a Minnesota Corporation, and

NATIONAL COOPERATIVES, INC., a District of Columbia Corporation, *Respondents*.

BRIEF OF FARMERS UNION CENTRAL EXCHANGE, INCORPORATED, IN OPPOSITION TO PETITION FOR CERTIORARI

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INTRODUCTION

Petitioner, Pacific Supply Cooperative, and Respondents, Farmers Union Central Exchange and National Cooperatives, Inc., will be hereinafter referred to respectively as Pacific, FUCE, and National.

Pacific's Questions and Statement of the Case violate Rule 23(4) of this Court in that they have not been presented with accuracy, brevity and clearness. These matters will be considered under the heading "Pacific's Petition Should Be Denied for Flagrant Violation of Court Rules and Orders," following the Restatement of the Case.

RESTATEMENT OF THE CASE

The following is a restatement of the case based solely upon stipulated and admitted facts and upon the proceedings as shown by the record.

In January, 1959, Pacific instituted suit against FUCE

for trademark infringement, pendent unfair competition and inducement to breach contract (R. 1-72; 193-200). Both parties are regional wholesale cooperatives (R. 9017-9019) and members of National (R. 9015-9016). National is a cooperative composed of twenty-six regionals with equal rights (R. 9016-9017). It was brought into the case after Pacific filed a Third Party Complaint on September 28, 1960 (R. 459-546).

Substantive

National is the record owner of United States registrations of "Co-op" (R. 919-934).[1] These registrations are incontestable (R. 272-273; 228; 1316; 8925). National also owns state registrations, including many in Idaho, Washington and Oregon (R. 930-932; 9021-9022; 1456). National and its predecessors in title have used the mark continuously and maintained registration of it since 1924 (R. 9021-9022; 1456). Pacific was organized in December, 1933 (R. 9016). National's predecessors assigned to it all their right, title and interest to the mark, the registrations and the goodwill of the business symbolized thereby (R. 929; 933).

The bylaws and minutes which were stipulated are fully set forth (R. 742-866). The 1944 and 1946 bylaws relating to trademarks were passed unanimously with Pacific present (R. 769, 770).

Pacific admitted that members of National at no time arrived at any agreement for division of territory (R. 8886-8887). Pacific admitted that there is no document granting to it exclusive rights to National's trademarks (R. 9030-9031).

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[1] Neither Pacific nor FUCE used any other trade marks referred to by Pacific (R. 9022-9023; 1457; 318 F.2d at 909).

Procedural

Between commencement of suit and National's entry into the case, FUCE supplied Pacific with hundreds of pages of answers to interrogatories (R. 126-192; 575-606; 607-741). Almost 3000 pages of depositions were taken (R. 3039-5304; 6132-6831). On March 4, 1960, a motion by FUCE for partial summary judgment was argued (R. 8839-8997). Pacific filed no affidavit under F.R.C.P. 56(f) claiming it was unable to present facts to justify opposition. On September 28, 1960, FUCE's motion was denied except that as to trademark infringement and pendent unfair competition Pacific's claims were to be dismissed unless National was joined as an indispensable party (R. 453; 456) because a decision concerning the trademarks would limit or affect its rights therein (R. 9493). Pacific's Third Party Complaint incorporating by reference the Complaint and Supplemental Complaint followed (R. 459).

In January, 1961, the court commenced controlling discovery under the *Handbook of Recommended Procedures for the Trial of Protracted Cases*, 25 F.R.D. 351 (R. 570-572). The court stated that discovery would be allowed on application and a proper showing of any party (R. 8999; 9232-9233; 9295). Pacific's only claim to an application is contained at page 169 (R. 1178) of its 110-page "Plaintiff's Requests for Admission of Facts and Genuineness of Documents and to Admit Exhibits into Evidence" (R. 1069-1179). This was stricken for violation of court order (R. 1244; 1233-1235; 9319). This striking was approved by the Court of Appeals (318 F.2d 894 at 911). During pre-trial hearings and conferences of the parties under court direction, extensive facts were stipulated (R. 742-910; 919-934; 1451-1469; 1709-3038; 9009-9029; 9208-9211), issues defined (R. 9082-9083; 9236), and legal matters determined. These hearings and conferences were held February 8 and 9, 1961,

April 21, 1961; May 15-19, 1961, June 14-16, 1961, and July 5-7, 1961 (R. 1242).

Thereafter FUCE (R. 1187) and National (R. 1184-1186) filed Motions for Adjudications of Legal Issues and for Dismissal Pursuant to Rule 41(b) (R. 1218; 1236). FUCE's motion was directed, in part, to Pacific's claims of exclusive trademark rights and infringement (R. 1187-1190; 1191-1192) as it had been in March, 1960 (R. 220-221). The district court treated FUCE's motion as a renewal of its prior motion for partial summary judgment (R. 1248).

As in March, 1960, the record discloses no affidavit by which Pacific claimed it was unable to present facts to justify opposition to the motion.

FUCE's motion, while denied as to some issues (R. 1244), was granted as to exclusiveness, trademark infringement and pendent unfair competition (R. 1248). The district court entered its partial summary judgment. In so doing it held, *inter alia*, that there was no genuine issue of material fact; that National owned the trademarks; that its members, including Pacific, have equal, nonexclusive rights therein as granted by National's articles and bylaws; that Pacific as a licensee could not acquire adverse rights against National, its licensor; that the Lanham Act governs the issues of trademark and trade name infringement and pendent unfair competition; that National's rights are incontestable under that Act; and that Pacific failed to produce or show in pretrial anything that would vary or change its nonexclusive rights or raise any genuine issue of material fact thereon (R. 1249).

The judgment was affirmed by the Court of Appeals (318 F.2d 894). It noted that Pacific, while denying that stipulated facts were controlling, in no way disputed their correctness (318 F.2d at 896):

REASONS FOR DENYING THE WRIT

PACIFIC'S PETITION SHOULD BE DENIED FOR FLAGRANT VIOLATION OF COURT RULES

Rule 23(4) of this Court provides:

> "The failure of a petitioner to present with accuracy, brevity and clearness whatever is essential to a ready and adequate understanding of the points requiring consideration will be a sufficient reason for denying his petition."

Rule 23(1) requires that the petition contain:

> "(c) The questions presented for review, expressed in the terms and circumstances of the case . . . " and
>
> "(e) A concise statement of the case containing the facts material to the consideration of the questions presented."

Pacific's Violation of This Court's Rules Should Be Viewed in the Context of Prior Violations of Court Rules and Orders

In *Link v. Wabash Railroad Company* (1962), 370 U.S. 626, this Court held that a district court properly dismissed a civil action where plaintiff's counsel failed to appear at a pre-trial hearing set by order of the court. On appeal from a judgment of the Court of Appeals affirming the district court, the Supreme Court affirmed, holding that the district court properly evaluated counsel's violation of the order in the context of his prior conduct in the case.

Pacific's petition comes to this Court after the Court of Appeals devoted three paragraphs of its decision to severe criticism of Pacific's violation of its rules (318 F.2d at 807). In its Petition for Rehearing (Doc. 10, p. 5, n. 2)[1] Pacific requested that these paragraphs "be moderated." This petition was denied in its entirety (Doc. 11).

[1] "Doc." refers to document number in the Supreme Court; "Pet." refers to the Petition for Certiorari.

Pacific Has Misstated the Proceedings Before the District Court in Making Its Charge of Denial of Discovery

In its Question 1, Pacific refers to the district court's "having denied needed discovery as well as right to complete its presentation of evidence at hand." In Question 3, Pacific refers to pre-trial "where discovery had been stayed and plaintiff had not completed presentation of its evidence." The statements are misleading (Pet. 2-3).

Other similar references in Pacific's petition to the same effect are: that depositions of "officers and directors of National . . . were sought by Pacific and stayed by the Court" (p. 13); that "full discovery" was never permitted (p. 17); and that Pacific was not

> "given full opportunity to present all of its available evidence or fully complete discovery which had been frustrated by the Court's stay of discovery while proceeding under the Handbook Rules." (p. 28)

On January 23, 1961, the court entered an order providing that the action be handled pursuant to the *Handbook of Recommended Procedures for the Trial of Protracted Cases* (25 F.R.D. 351). It provided in its order that discovery proceedings should be placed under its control and stayed pending further order of the court (R. 570-571).

The court then stated on several occasions that it would entertain an application for discovery upon a proper showing of need therefor by any party[3] (R. 8999; 9232-9233; 9295).

No such application for discovery ever was made by Pa-

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[3] On August 24, 1961, the Court stated:

"Mr. Sherwood, you keep coming back. I am not going to talk about discovery to you because you haven't made an application for discovery. I have told you all along any time you had to have discovery you should come in and request discovery. Have you done it?" (R. 9295)

cific thereafter. The only claim that Pacific can make is that it included some vague and general language at page 109 (R. 1178) of a 110-page document entitled "Plaintiff's Requests for Admissions of Fact and Genuineness of Documents and to Admit Exhibits Into Evidence" (R. 1069-1179). This constituted, and was presented as, a discovery document, pursuant to F.R.C.P. Rule 36 (R. 1069), in direct violation of the district court's directions, and was stricken for that reason (R. 1244; 1233-1235; 9319). The Court of Appeals referred to this as having been "clearly filed in violation of the trial court's orders" (318 F.2d at 911).

Pacific Makes Numerous Record References in Support of Its Petition Herein to a Document Stricken by the District Court Without So Informing This Court, After Having Been Criticized for Doing the Same Thing by the Court of Appeals

The Court of Appeals in commenting upon Pacific's brief stated in its decision:

> "There are * * * references to documents stricken from the record by the trial court without reference to the court's having so ruled. (318 F.2d at 895)
>
> * * *
>
> "We hold * * * that in striking Pacific's 'request for Admission and Genuineness of Documents and to Admit Exhibits into Evidence' (clearly filed in violation of the trial court's orders) the trial court acted properly." (*Id.* at 911).

In its petition to this Court, Pacific follows the same practice censured by the Court of Appeals. *It refers to the stricken Request for Admissions in the same manner as though all admissions requested therein actually had been made by FUCE.* Nowhere in its petition to this Court does Pacific state that the time required under Rule 36 had not elapsed or that prior thereto the document had been stricken

for having been filed in violation of the district court's order. Pacific refers to the stricken document as support for claimed factual statements 22 times in its 11-page "Statement of the Case" (Pet. 6, 8, 9, 14). The same use was condemned by the Court of Appeals where it occurred 49 times in a 31-page statement of the case (Pacific's Brief, Doc. 1, pp. 9, 11, 12, 17, 18, 19, 20, 22, 23, 24, 28, 29, 30, 34, 35, 36, 37).

There Are Additional, Material, Misstatements in the Petition

There are additional misstatements of material fact in Pacific's petition. The following is illustrative:

> "During these hearings, both FUCE and National obtained desired stipulations from Pacific (R. 1451-1460) *with the understanding* that such were to be considered only tentative until all stipulations were incorporated into a final pre-trial order (R. 9210-9214)." (Italics ours)

Pacific's record references cited in the quotation do not evidence the "understanding" mentioned, which was nonexistent. Examination of R. 9210-9214 discloses that Pacific raised one question in July, 1961, about Paragraph 7 of the stipulation agreed upon in April, 1961 (R. 9009-9029; 9210-9214). Pacific's counsel ended the matter stating: "That was our only concern that we were agreeing on equal rights and membership rights we are talking about" (R. 9214).

Pacific made similar statements in its presentation to the Court of Appeals. That Court comments thereon:

> "On page 9325, Mr. Sherwood stated he contended that stipulations made by dictation into the record were not a part of the record 'until we complete the stipulations.' The trial court, and we think with reason, felt that the stipulations were complete when made,

and competent to establish sufficient facts to create issues of law based on such determined facts." (318 F.2d at 904, n. 2; see also 903, n. 2)

The following lists some additional statements of purported fact in Pacific's statement of the case which are unsupported in whole or in part by the record references cited (line numbers are determined by counting each line of printing except the page number line):

Page	*Line*	*Page*	*Line*
5	26-28	8	6-9
6	14-17	8	10-13
6	17-18	8	13-17
6	18-20	8 to	30 to
6	26-29	9	2
6 to	30 to	10	14-17
7	4	10	17-20
7	10-12	14	16-20
7	17-21	15	9-10
8	3-5		

Pacific was censured for inadequate record references in the Court of Appeals (318 F.2d at 895 and n. 2 at 902-904).

Pacific's Violation of District Court's Orders Made Pre-Trial Virtually Unworkable

On July 6, 7, 1961, Pacific confronted the court with about 800 documents (R. 935-962) which caused the court to state that it was "appalled at the length of this list" (R. 9146). The court directed Pacific to point out the relevancy and materiality of each exhibit pursuant to the *Handbook*, 25 F.R.D. 351 (R. 9193; 9197-9200), in relation to the defined issues (R. 9233-9237; 9082; 9236). Pacific agreed to the order, volunteering how it would comply therewith (R. 9217). On August 1, 1961, Pacific filed an index listing about

500 additional documents (R. 963-984) together with a document (R. 9372-9374) which, as Pacific admitted, failed to comply with the court's directive on relevancy (R. 9622-9623; 9399-9403). The court indicated that pre-trial procedure was becoming virtually unworkable (R. 9407) and ordered the document stricken (R. 1244).

There can be no question about the justice of the court's order that plaintiff furnish a statement of relevancy and materiality of its exhibits as a prerequisite to the court's consideration of them. *Berger v. Brannan* (CA-10), 172 F.2d 241, *cert. den.*, 337 U.S. 941 (1949); *McDonald v. Bowles* (CA-9, 1945), 152 F.2d 741; *United States v. United Shoe Machinery Corp.* (D. Mass. 1950), 93 F.Supp. 190; *Pursche v. Atlas Scraper & Engineering Co.* (CA-9), 300 F.2d 467, 488, *cert. den.*, 371 U.S. 911 (1962).

Argument Is Included in the Statement of the Case

Finally, Pacific violates the rules of this Court by including argument in its statement of the case (Pet. 9, 10, 13, 14, 15). Pacific similarly had violated corresponding rules of the Court of Appeals, causing the court to comment:

> "Appellant's factual statement is marred by frequent references to rulings of the trial judge which it alleges were improper or inconsistent, *interspaced with argument* and criticism direct and implied relative to such rulings, and the alleged merits of its case." (Italics ours) (318 F.2d at 895)

PACIFIC HAS SHOWN NO BASIS FOR GRANTING THE WRIT UNDER RULE 19

Pacific makes no claim that the Court of Appeals "has decided an important state or territorial question in a way in conflict with applicable state or territorial law," or that it "has decided a federal question in a way in conflict with applicable decisions o this court."

There Is No Conflict with Any Other Court of Appeals

The only basis suggested by Pacific for asserted conflict is *Huber Baking Co. v. Stroehmann Bros. Co.* (CA-2), 252 F.2d 945, *cert. den.*, 358 U.S. 829 (1958). The Court of Appeals below distinguished its decision from *Huber* very carefully (318 F.2d at 907-908).

The essential factual distinctions can be simplified if Huber and Pacific are viewed on the one hand as licensees, and, on the other hand, Quality Bakers of America Cooperative and National as licensors. Huber was the original registered owner, Pacific was not; National at all times has been the registered owner. *Pacific made no reservation as to any rights to the trademark which it may have claimed.* In contrast, Huber made an explicit, written reservation for the use of his trademark in prescribed territory. See the text thereof in 252 F.2d 945 at 950.

Also, the Court of Appeals below decided that upon the undisputed, stipulated facts, Pacific was subject to estoppel *in pais* in claiming any rights of user adverse to National's exclusive rights (318 F.2d 894 at 906). No factual situation giving rise to such estoppel was presented in *Huber*.

The Court of Appeals Has Not Decided Any Important Question of Federal Law Which Has Not Been, But Should Be, Settled by This Court

To justify review for the settlement of an important question of Federal law, it is incumbent upon Pacific to show that the instant case presents issues which are important to the public as distinguished from the parties involved. Pacific seems to recognize its burden for it devotes several pages to the heading:

> "Business demands of the nation require this Court to clarify the rights and status of a 'related company'

as to a registrant of a 'collective' mark under the Lanham Trademark Act." (Pet. 25)

Pacific contends that it is "highly important to the business community of the Nation that this Court put to rest the uncertainty of the rights of a 'related company.' . . ." *(ibid.)*.

The only provisions of the Lanham Act to which Pacific refers are: 15 U.S.C. §1054, relating to collective trademarks; 15 U.S.C. § 1065, relating to incontestability of right to use marks; 15 U.S.C. § 1055, relating to their use by related companies and 15 U.S.C. § 1127 relating to the definition of such companies.

Since the passage of the Lanham Act in 1946, there have been only isolated cases dealing with any of these sections. Pacific has pointed to no litigation relating to them now pending. There is no conflict among the few cases so far adjudicated.

Pacific speaks of "confusion" (Pet. 26) but reveals no source for it other than its own argument.

Under separate headings, below, we shall show (1) that the decision of the Court of Appeals is fully supported by principles of the common law, wholly apart from the Lanham Act, and (2) that the Court of Appeals correctly construed the Lanham Act.

There Was No Departure from the Accepted and Usual Course of Judicial Proceedings

Pacific's claim is that the Court of Appeals sanctioned a departure by the district court from the accepted and usual course of judicial proceedings in affirming its partial summary judgment despite the asserted existence of a genuine issue of material fact. We take this contention up under the heading following.

PETITIONER PRESENTS NO BASIS FOR A WRIT BECAUSE OF ASSERTED EXISTENCE OF MATERIAL FACT REQUIRING REVERSAL OF PARTIAL SUMMARY JUDGMENT

There are several, independent reasons for this conclusion.

Ordinarily This Court Will Not Review an Application of a Rule of Civil Procedure When Affirmed by the Court of Appeals

This principle is expressed in *Appalachian Power Co. v. American Institute of C.P.A.* (1959), 4 L.ed.(2d) 30, 80 S.Ct. 16. Denying an application for an order staying the mandate of a Court of Appeals on its judgment affirming a summary judgment for respondents entered by a district court, Justice Brennan stated:

> "But ordinarily an application by a District Court of the Rules of Civil Procedure when affirmed by the Court of Appeals will not be reviewed by this Court. This is particularly true where, as here, the question is one that concerns the judgment of the District Judge in relation to a particular set of facts." (*Id.* at 18)

The quoted language is particularly applicable in this case, where Pacific seeks to have this Court evaluate factual matters under Rule 56 despite the rulings of the two lower courts.

Pacific's Argument Really Narrows Down to Contention That If Given More Time It Could Pose a Genuine Issue of Material Fact; Rule 56(f) Applies

This case is almost unique in that all operative facts adequate to support the decision of the Court of Appeals were presented to that court in a series of stipulations and other admissions (R. 742-910; 919-934; 1709-3038; 1451-1460; 9009-9029, 9208-9211). This is far different from a record which turns upon affidavits, in whole or in part.

Pacific's petition when closely examined does not present any significant contention that the decision of the Court of Appeals is incorrect when viewed upon the basis of the facts in the stipulations and other admissions as interpreted by that Court. Pacific would like this Court to prefer Pacific's interpretation of the stipulations and admissions to that of the Court of Appeals. Pacific, too, would like this Court to adopt its view of the common law.

Pacific's position really amounts to the contention that if given more time it could obtain facts sufficient to present a genuine issue of material fact. We have emphasized under the heading "Pacific Has Misstated the Proceedings Before the District Court in Making Its Charge of Denial of Discovery" that Pacific was given full opportunity to apply for additional discovery but did not do so. In addition, Rule 56(f) applies most forcibly. Pacific failed to file any affidavit required for a continuance under Rule 56(f) at the hearing on FUCE's motion for partial summary judgment in March, 1960 (R. 883-897). Nor did it do so at the hearing on the renewal of the motion in August, 1961, despite the fact that the issues at both hearings were identical (R. 1187-1190; 1191-1192; 220-221; 1248; 883-897; 9284-9642). Therefore, its claim to more time is not properly before this Court.

The Decision Is Fully Supported Under the Law of Contracts, as Applied to National's Bylaws

The decision of the Court of Appeals is supported, as a matter of law, upon several alternate grounds. The first of these is the law of contracts as applied to the bylaws of National. Both courts below construed these to permit equal nonexclusive use of National's trademarks by Pacific, FUCE and all other members of National (318 F.2d at 904-905, 907, 910).

All pertinent bylaw provisions were stipulated (R. 750, 769, 779); they are set forth by the Court of Appeals in its decision (318 F.2d at 901, 904-905).

As a matter of the common law of contracts, the bylaws of National relating to trademarks, when adopted in 1944 with the admitted participation of Pacific, superseded any prior arrangement between the parties on the subject. In addition to *Stevenot v. Norberg* (CA 9, 1954), 210 F.2d 615, are: *State ex rel. Scholblom v. Anacortes Veneer, Inc.* (1953), 42 Wn.(2d) 338, 255 P.(2d) 379; *Order of United Commercial Travelers of America v. Smith* (CA 7, 1911), 192 Fed. 102, 104; 8 Fletcher, *Cyclopedia of Corporations*, § 4177, p. 663, § 4188, p. 719. These bylaws, like any other contract, are to be construed strictly against any grant of exclusive territory. *Parkway Baking Company v. Freihofer Baking Company* (CA 3, 1958), 255 F.2d 641, 647; *Duluth Electric Co. v. Suburban Electric Development Co.* (1938), 332 Pa. 129, 2 A.(2d) 765; *J. I. Case Threshing Machine Co. v. Wright Hardware Co.* (1910), 61 Tex. Civ. App. 481, 130 S.W. 729; *Golden Gate Packing Co. v. Farmers' Union* (1880), 55 Cal. 606; *Murphy v. Nowak* (Ill. 1906), 79 N.E. 112, 117. Here again we have a general principle of common law, reflecting the interest of protecting competition against restraints.

Pacific cites *Rudd-Melikian Inc. v. Merritt* (CA 6, 1960), 282 F.2d 924. There the court makes clear that its opinion is based upon the principle that

> "if a federal district judge has reached a permissible conclusion upon a question of local law [Kentucky], the Court of Appeals should not reverse, even though it may think the law should be otherwise." (*Id.* at 929)

Pacific does not gainsay the controlling effect of these bylaws; what it desires is that this Court adopt a different interpretation of them.

Pacific makes a partial quotation from one letter (Pet. 14), cited two additional times (Pet. 18, 26) without stating that it is a letter from an advertising manager of National not shown to have any personal knowledge of facts nor any competency to formulate the conclusions of law expressed herein. Even if the letter were in the form of an affidavit, it would have been improper to consider it on a motion for summary judgment because it is purely conclusionary. *State of Washington v. Maricopa County* (CA-9, 1944), 143 F.2d 871, *cert. den.*, 327 U.S. 799 (1946).

An Additional Basis of the Court's Decision Is Common-Law Estoppel Barring a Licensee from Setting Up Claims Adverse to Its Licensor

The Court of Appeals, as well as the district court, took the position that Pacific, as one of the member-licensees, could not assert any claim of exclusiveness against National, its licensor (318 F.2d at 908). The principle of common law, that a licensee of a trademark or trade name may not set up any adverse claim to it as against the licensor is universally applied. In addition to the authorities cited by the Court of Appeals (*id.* at 909), are: *Golden City Restaurant, Inc. v. Pike* (CA-DC, 1957), 246 F.2d 684; *Smith v. Dental Products Co.* (CA-7), 140 F.2d 140, 148, *cert. den.*, 322 U.S. 743 (1944); *Vermont Maple Sugar Co. v. Johnson Maple Sugar Co.* (D. Vt. 1921), 272 Fed. 478. No authority to the contrary is cited by Pacific.

A Third Alternative Common-Law Basis for the Decision of the Court of Appeals Is Estoppel *In Pais*

The Court of Appeals stated:

> "*Entirely apart from the Lanham Act*, estoppel *in pais* is raised by National against Pacific. Pacific represented to the United States Patent Office that the word 'Co-Op' belonged to National. (R. 2880; 8890

8891; 9074)." (*Id.* at 906) (Italics ours, except for "*in pais*")

In addition, state registrations in Idaho, Washington and Oregon were made from 1935 to 1940 (R. 930-932), while Mr. Baker, the manager of Pacific, was a director of National (R. 9023-9024; 1457). Each of these registrations recites essentially that National is the exclusive owner of the trademark and has the exclusive right to its use (R. 2633-2666; 2667-2675; 2676-2681).

On these stipulated facts, estoppel *in pais* applies as a matter of common law. *Holly Hill Citrus Growers' Ass'n v. Holly Hill Fruit Products, Inc.* (CA-5, 1935), 75 F.2d 13; see also *Engelhard Industries, Inc. v. Research Instruments Corp., Inc.* (S.D. Calif. 1961), 196 F.Supp. 138).

The Lanham Act (15 U.S.C. § 1051, *et seq.*) Affords Further Basis for the Decision of the Court of Appeals

The Court of Appeals affirmed the district court in holding that the Lanham Act bars Pacific's recovery (318 F.2d at 906).

Pacific has admitted that the trademark "CO-OP" is incontestable under the Lanham Act (R. 272-273; 288; 1316; 8925). Title 15, U.S.C. § 1057(b) provides that registration of a trademark shall "be prima facie evidence . . . of registrant's *exclusive right to use the mark in commerce* . . ." (Italics ours). Section 1065 provides (with immaterial exceptions) that after five years' use and conformity with the statute with respect to the filing of required affidavits, ". . . the right of the registrant . . . shall be incontestable."

The effect of these provisions is to bar Pacific's claim of exclusive rights to use the trademark against National, leaving National free to have FUCE and its other members use its trademark anywhere. For cases recognizing the ex-

clusive nature of the registrant's right to the trademark under these provisions, see *Curtis Stephens Embry Co. v. Pic-Tek-Toe Shake Stop Co.* (CA 8, 1952), 199 F.2d 407; *Bellas, Inc. v. Youngbusband* (CA 9, 1953), 204 F.2d 269.

Additionally, the provision concerning "related companies," as defined in 15 USC § 1127, yields the same result. Pacific concedes in its petition that it is a "related company" of National. Therefore, § 1055 squarely applies:

> "Where a registered mark . . . is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant . . ."

Pacific misses the point of the statute in stating that it "was not applicable to bar claims of 'related companies' within the corporate complex." If the use of National's marks by the express terms of the statute inures to National, Pacific obviously is not in a position to assert rights to their exclusive use in the Pacific Northwest, as it claims. Again, this leaves National free to permit their use by FUCE and any of its other members, anywhere.

On the subject of related companies, Pacific cites *Taussig v. Wellington Fund, Inc.* (D. Del. 1960), 187 F.Supp. 479. The decision of the Court of Appeals in that case, not referred to by Pacific, is reported in CA 3, 313 F.2d 472, *cert. den.*, 374 U.S. 806, 83 S.Ct. 1695 (1963). The suit involved an injunction against the use of the corporate words "Wellington" upon the basis of the common law of unfair competition and the Investment Company Act of 1940. The decision of the Court of Appeals does not refer to the Lanham Act nor to any registered trademark.

CONCLUSION

For the reasons aforesaid, the Petition for a Writ of Certiorari should be denied.

Respectfully submitted.

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